



**LANXESS**  
Energizing Chemistry

# LANXESS – Credit Suisse Canada Roadshow

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21 September 2021

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# Agenda

**1 LANXESS transformation journey continues**

**2 Financial and business details Q2 2021**

**3 Back-up**

# Five of the most striking reasons to invest

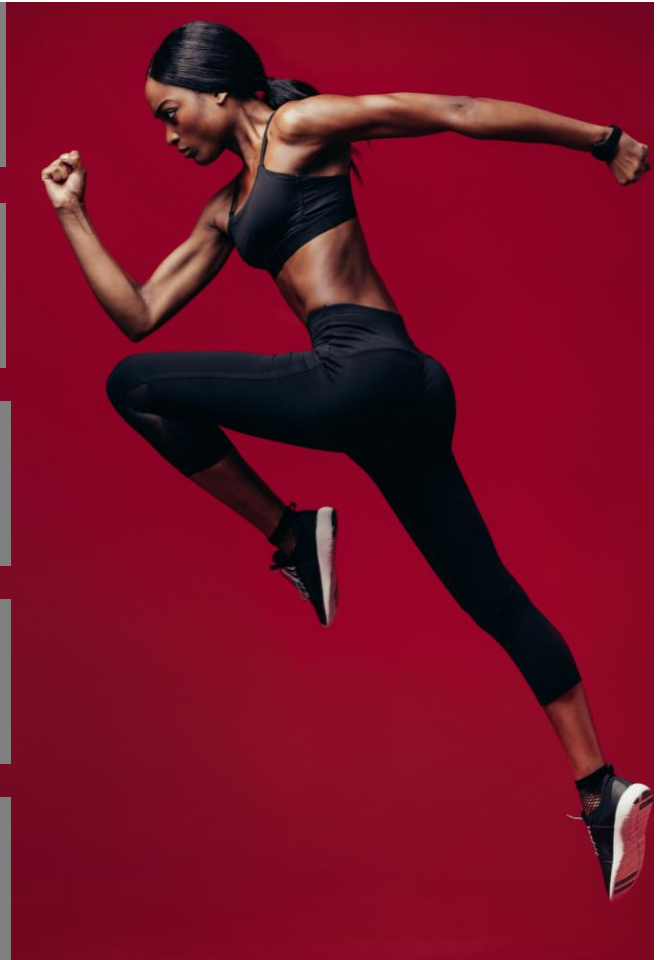
1. Embark on an exciting transformation journey to high margin specialty chemicals businesses

2. Unique specialty chemicals portfolio with leading market positions

3. Proven resilient business model – with many growth options

4. Forerunner in sustainability – awarded by leading rating agencies

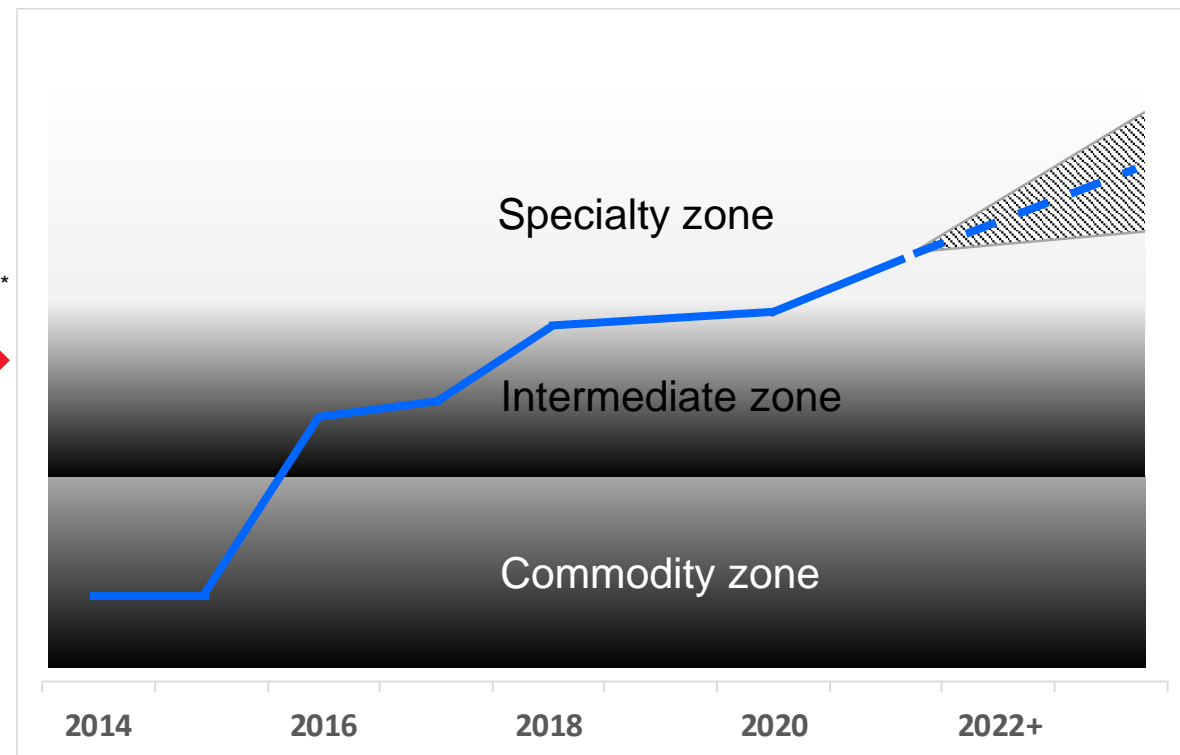
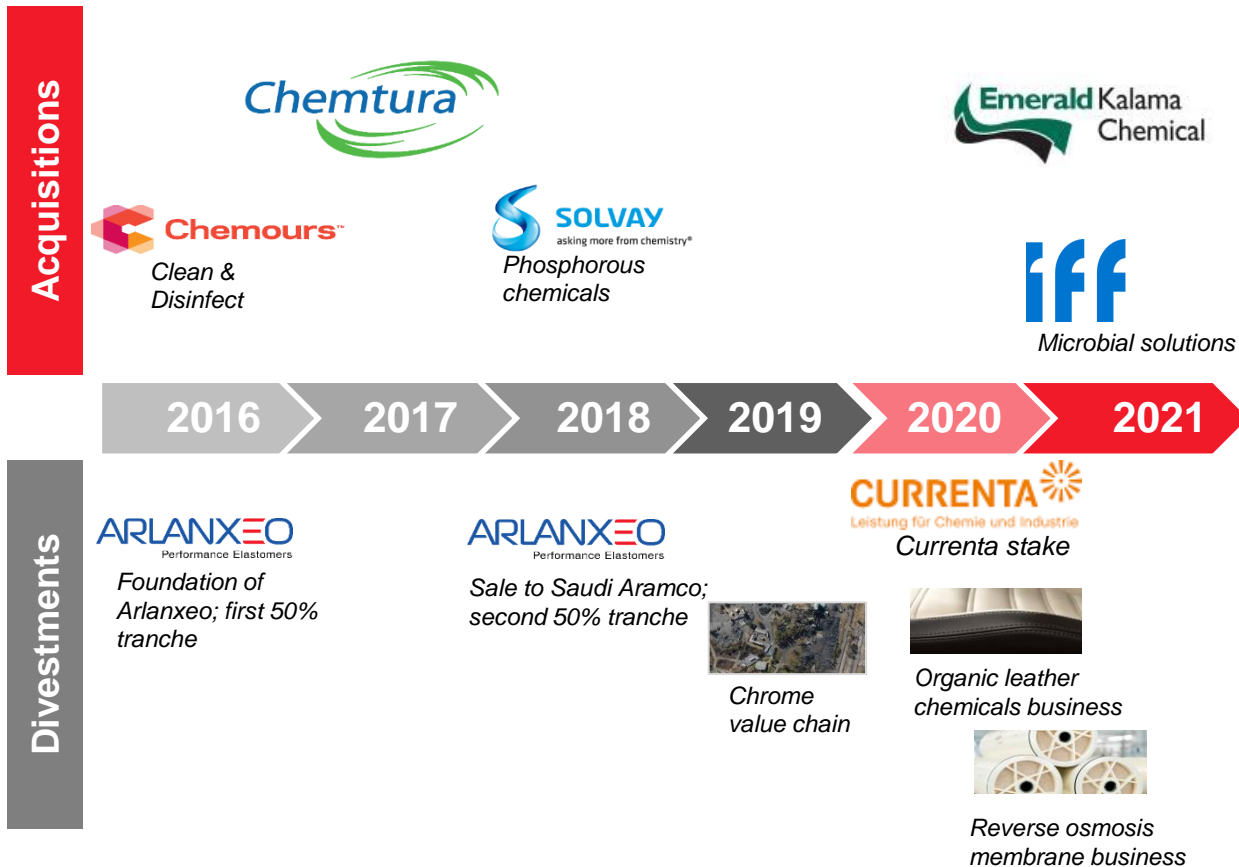
5. Energizing chemistry – committed management team embedded in performance oriented corporate culture



# LANXESS: Strong transformation via active portfolio management

## Track record of successful M&A transactions (selc.)

## Increasing true specialty nature of portfolio



— = LXS product portfolio

# We promised – we delivered: Two perfectly fitting acquisitions in Consumer Protection



## Emerald Kalama Chemicals

- Strategic expansion into attractive Flavors & Fragrances end markets
- Strong secular growth markets above GDP
- Highly synergistic, both cost and top line synergies
- Straight forward integration into LANXESS

€~80 m  
EBITDA pre\*

22-25%  
EBITDA pre margin



## IFF Microbial Control

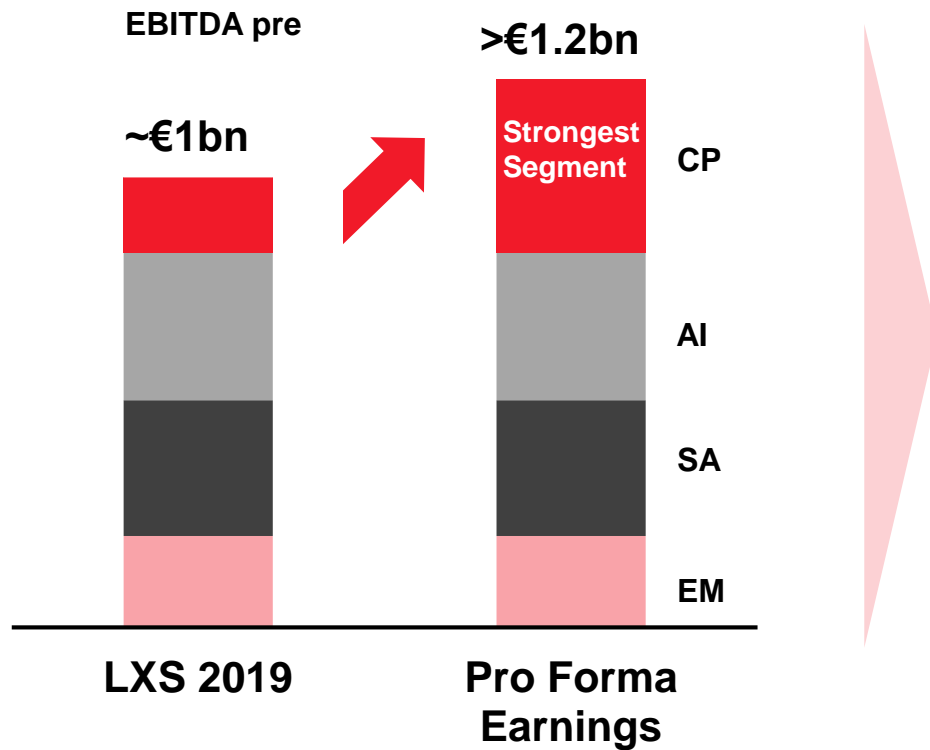
- Building one of the key players in biocides
- Complementary product portfolio in biocides & regional coverage
- Attractive synergy and cash flow profile
- Smooth integration and matching cultures

€~85 m  
EBITDA pre\*\*

>20%  
EBITDA pre margin

**Attractive financial profile: High margins, asset light, strong cash conversion**





# Recent acquisitions lift Consumer Protection to the next level



- Consumer Protection grows from smallest to largest segment
- Specialty chemicals businesses drive group margin improvement
- Higher cash conversion due to asset light character of the businesses
- Growing resilience due to increased exposure to non-cyclical end markets

**LANXESS financial profile improves as Consumer Protection exposure broadens**

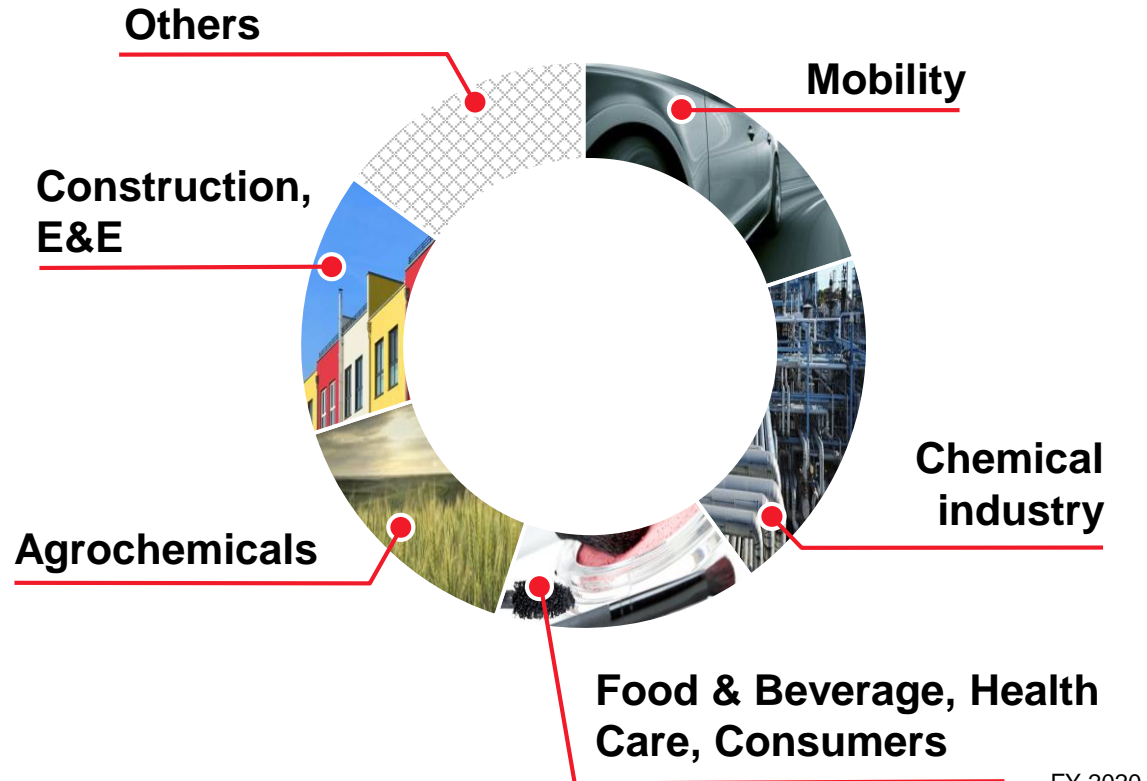
# Strong portfolio of attractive businesses

Advanced Intermediates	Specialty Additives	Consumer Protection	Engineering Materials
			
<ul style="list-style-type: none"> <li>Advanced Industrial Intermediates</li> <li>Inorganic Pigments</li> </ul>	<ul style="list-style-type: none"> <li>Lubricant Additives Business</li> <li>Polymer Additives</li> <li>Rhein Chemie</li> </ul>	<ul style="list-style-type: none"> <li>Flavors &amp; Fragrances</li> <li>Liquid Purification Technologies</li> <li>Material Protection Products</li> <li>Saltigo</li> </ul>	<ul style="list-style-type: none"> <li>High Performance Materials</li> <li>Urethane Systems</li> </ul>
<ul style="list-style-type: none"> <li>Among top 3 players</li> <li>Cost, technology and process leadership</li> </ul>	<ul style="list-style-type: none"> <li>Among top 3 players</li> <li>Small volume, high impact</li> <li>Integrated value chains</li> </ul>	<ul style="list-style-type: none"> <li># 1-3 positions</li> <li>Attractive secular growth</li> <li>Strong margins</li> <li>Asset light &amp; high cash conversion</li> </ul>	<ul style="list-style-type: none"> <li>Among the market leaders, esp. in Europe</li> <li>Integrated value chain</li> <li>Benefitting from e-mobility</li> </ul>



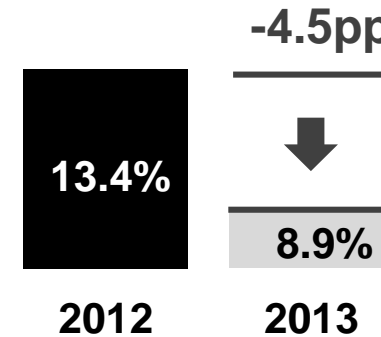
# Proven resilient business model – platform for further growth

## Balanced industry exposure



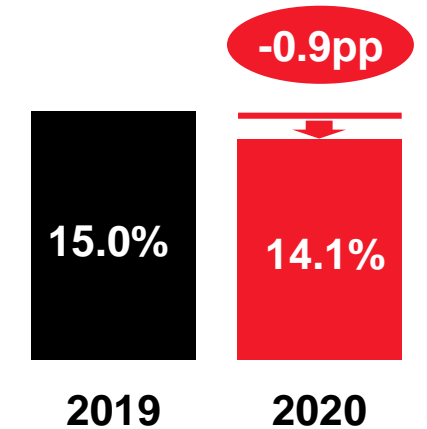
## LANXESS with visible boost in resilience

EBITDApre margin in %



Rubber Crisis

**Proof of resilience!**



Corona Pandemic

# Our exciting journey to high margin specialty chemicals transformation continues

## Organic growth

Strong secular growth in Consumer Protection

Attractive brownfield investments

Digital growth projects e.g. Chemondis

Attractive greenfield investments, e.g. battery chemistry

## Inorganic growth

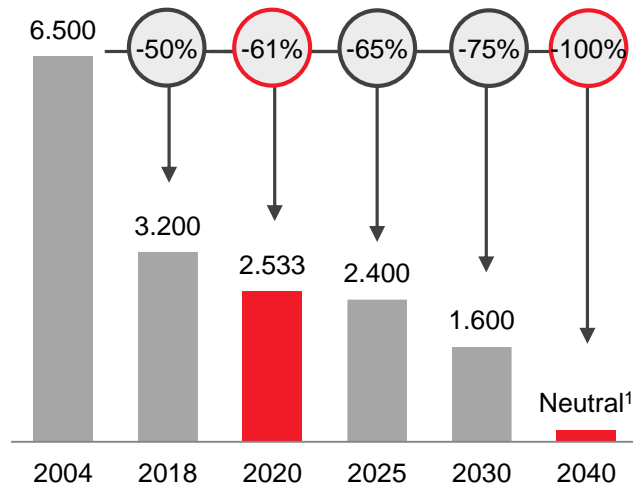


*Microbial solutions\**

...to be continued!

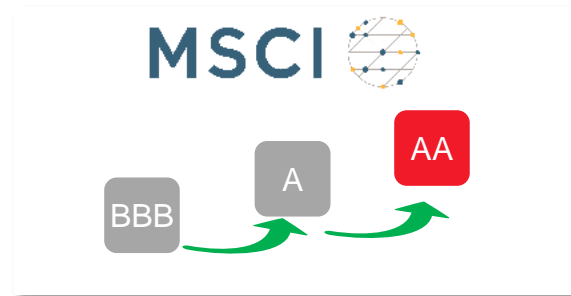
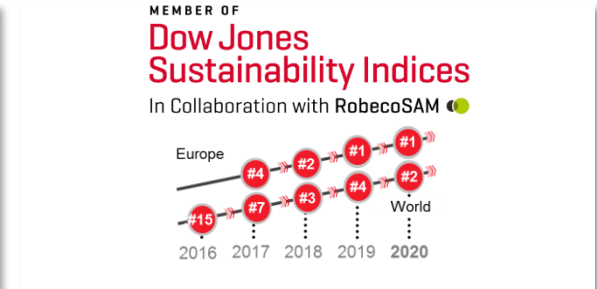
# Forerunner in sustainability – awarded by leading rating agencies

## Our goal: Climate neutrality until 2040



Emissions based on Scope 1 + Scope 2, numbers rounded, in thousand tons of metric tons CO<sub>2</sub>e

## Leading ESG rating providers honor our performance



<sup>1</sup> Climate neutral: Less than 300,000 tons of CO<sub>2</sub> equivalents per year. These will be reduced through compensation measures.

# Energizing chemistry – committed management team embedded in performance oriented corporate culture

**Matthias Zachert**  
CEO



**Michael Pontzen**  
CFO



**Stephanie Coßmann**  
Board of Management



**Anno Borkowsky**  
Board of Management



**Hubert Fink**  
Board of Management



- Management team with proven track record and industry experience
- Combined ~80 years of LANXESS experience and ~120 years in the chemical industry
- Performance culture and lean corporate structure enable fast decision-making
- Management with skin in the game and incentivized by absolute sustainability targets

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# Q2 2021: Back on pre-COVID level

## Highlights

- Volumes back on pre-Covid level
- Strong recovery especially in Engineering Materials and Specialty Additives
- Significant EBITDA pre increase to €277 m (+24%), margin at 15.1%, despite further raw material and energy price increase and intensive logistic constraints
- Divestment of organic leather business closed
- Strengthening of R&D capacities in APAC: New Application Development Center in Shanghai
- Emerald Kalama acquisition closed (3<sup>rd</sup> August)



# LANXESS Group: Business back at pre-COVID level

**Strong volume growth, but higher costs and FX burden**

[€ m]*	Q2/2020	Q2/2021	Δ	1H 2020	1H 2021	Δ
Sales	1.436	1.831	28%	3.140	3.524	12%
EBITDA pre	224	277	24%	469	519	11%
Margin	15,6%	15,1%		14,9%	14,7%	
CAPEX	88	92	5%	162	162	0%

Price **+10%**   Volume **+22%**   FX **-5%**   Portfolio **+0%**

Total **+28%**

Q2 Sales vs. PY

- Strong sales growth driven by volumes and price increases - mitigated by adverse FX effect
- Significant volume growth across all segments
- EBITDA pre significantly above previous year level due to ongoing volume growth, despite higher energy and logistic costs as well as adverse FX effect



# Advanced Intermediates: Benefitting from strong demand

**Like-for-like above previous year level**

[€ m]*	Q2/2020	Q2/2021	Δ	1H 2020	1H 2021	Δ
Sales	430	505	17%	913	994	9%
EBITDA pre	103	96	-7%	185	173	-6%
Margin	24,0%	19,0%		20,3%	17,4%	
CAPEX	28	31	11%	51	52	2%

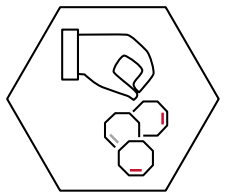
Price **+10%** Volume **+11%** FX **-4%** Portfolio **0%**

Total **+17%**

Q2 Sales vs. PY

- Sales increase driven by significantly higher volumes and prices in both BUs, partly offset by negative FX effect
- EBITDA pre and margin impacted by higher energy and freight costs
- Considering €10 m tailwind in Q2 2020, EBITDA pre already now exceeds PY level





# Specialty Additives: Strong volume growth

## Recovery in several key industries

Price **+6%** Volume **+30%** FX **-8%** Portfolio **0%**

Total **+29%**

Q2 Sales vs. PY

[€ m]*	Q2/2020	Q2/2021	Δ	1H 2020	1H 2021	Δ
Sales	442	568	29%	1.016	1.085	7%
EBITDA pre	60	89	48%	151	163	8%
Margin	13,6%	15,7%		14,9%	15,0%	
CAPEX	20	24	20%	40	40	0%

- Sales increase due to rising volumes and prices across all BUs
- Rising volumes in all BUs, strong demand especially in BU PLA and BU RCH
- EBITDA pre improving but held back by soaring freight costs and adverse FX effect; margin diluted by shift of AXX business (~2% p.p.)



# Consumer Protection: Delivering against high comparable base

## Attractive bolt-on acquisitions contribute

Price **-1%**   Volume **+5%**   FX **-2%**   Portfolio **+2%**

Total **+4%**

Q2 Sales vs. PY

[€ m]	Q2/2020	Q2/2021	Δ	1H 2020	1H 2021	Δ
Sales	301	314	4%	580	604	4%
EBITDA pre	68	65	-4%	135	134	-1%
Margin	22,6%	20,7%		23,3%	22,2%	
CAPEX	12	13	8%	22	26	18%

- Sales driven by strong volume increase in BU MPP
- New long-term contract at BU SGO with favorable net price-volume effect
- EBITDA pre on strong previous year's level which was overstated by pre-buying at BU SGO, margin slightly lower due to logistic costs



# Engineering Materials: Recovery in automotive drives strong earnings

**Earnings more than doubled**

[€ m]	Q2/2020	Q2/2021	Δ	1H 2020	1H 2021	Δ
Sales	244	424	74%	591	801	36%
EBITDA pre	28	68	143%	77	127	65%
Margin	11,5%	16,0%		13,0%	15,9%	
CAPEX	12	12	0%	20	22	10%

Price **+29%**   Volume **+50%**   FX **-5%**   Portfolio **0%**

Total **+74%**

Q2 Sales vs. PY

- Sales boost based on strong demand from auto industry, partly offset by negative FX
- Volumes and prices significantly increased in BU HPM; BU URE also with positive development
- EBITDA pre and margin rise on improved volumes and higher prices, despite burden from supplier's force majeure, higher energy and freight costs as well as FX

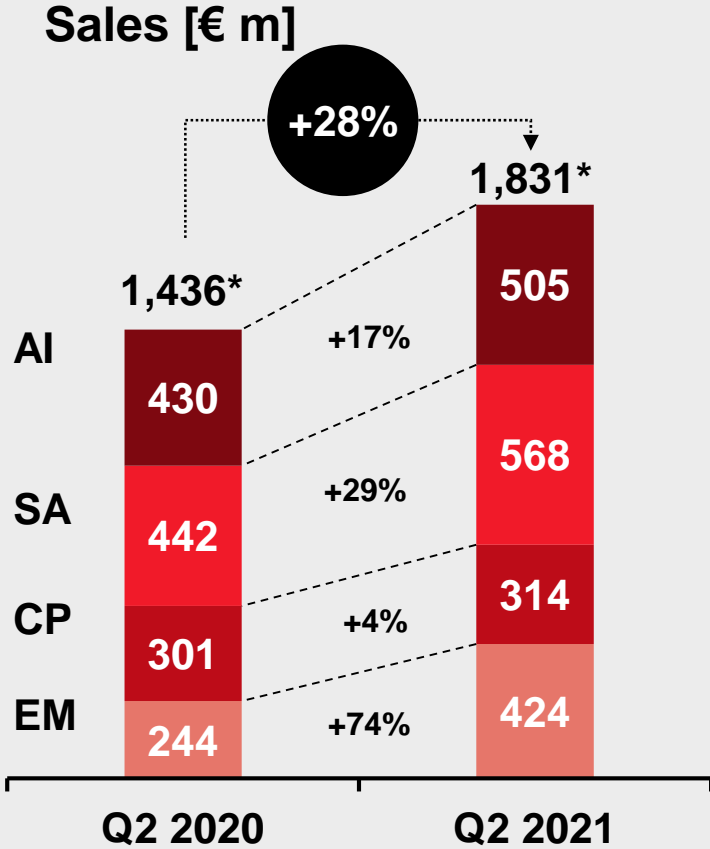
# P&L Q2: Recovery kicks in

[€ m]*	Q2/2020		Q2/2021		yoy in %
Sales	1.436	(100%)	1.831	(100%)	28%
Cost of sales	-1.042	(-73%)	-1.356	(-74%)	30%
Selling	-194	(-14%)	-225	(-12%)	16%
G&A	-64	(-4%)	-70	(-4%)	9%
R&D	-28	(-2%)	-29	(-2%)	4%
<b>EBIT</b>	<b>61</b>	<b>(4%)</b>	<b>125</b>	<b>(7%)</b>	<b>&gt;100%</b>
<b>Net Income</b>	<b>798</b>	<b>(56%)</b>	<b>100</b>	<b>(5%)</b>	<b>-87%</b>
<b>EPS pre</b>	<b>0,86</b>		<b>1,38</b>		<b>60%</b>
EBITDA	198	(14%)	247	(13%)	25%
thereof except.	-26	(-2%)	-30	(-2%)	15%
<b>EBITDA pre except.</b>	<b>224</b>	<b>(15,6%)</b>	<b>277</b>	<b>(15,1%)</b>	<b>24%</b>

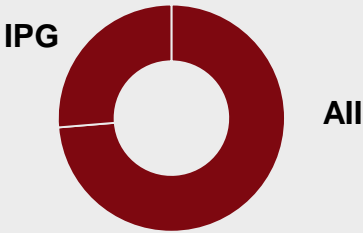
- Cost of sales inflated by higher raw material and energy costs
- Increase in selling expenses reflects higher logistic and storage costs
- Strong earnings reflect recovering demand despite higher energy and logistic prices as well as negative FX development
- Net income in previous year includes proceeds from CURRENTA divestment

\* From continuing operations

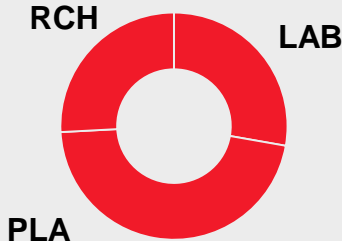
# Q2 2021: Strong recovery supported by Specialty Additives and Engineering Materials



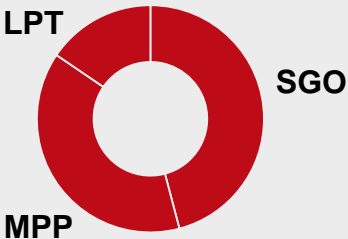
### Advanced Intermediates



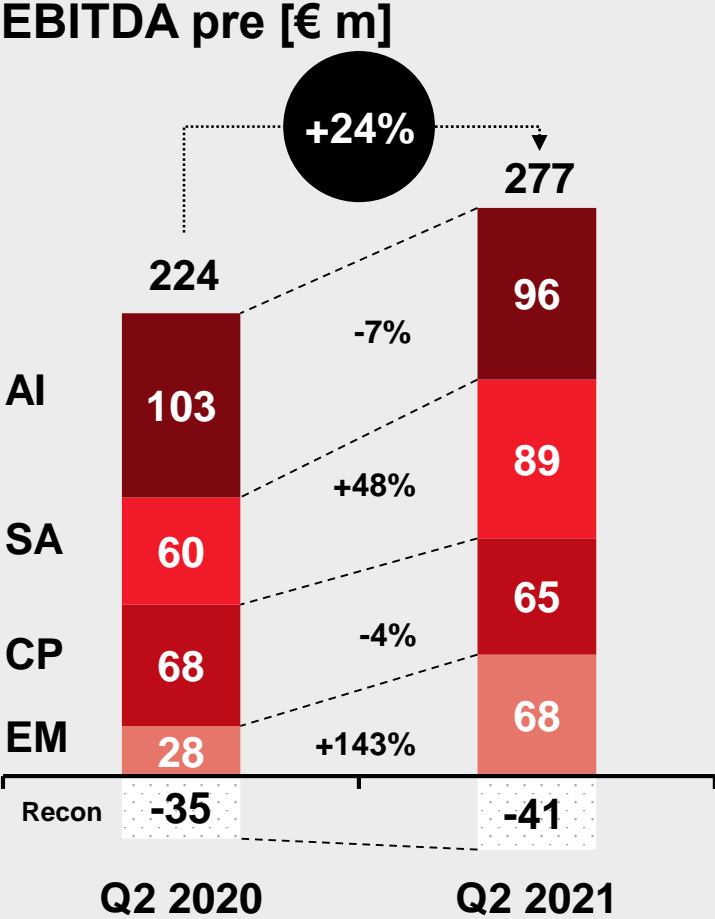
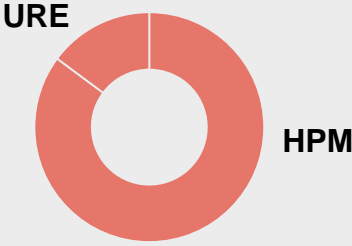
### Specialty Additives



### Consumer Protection



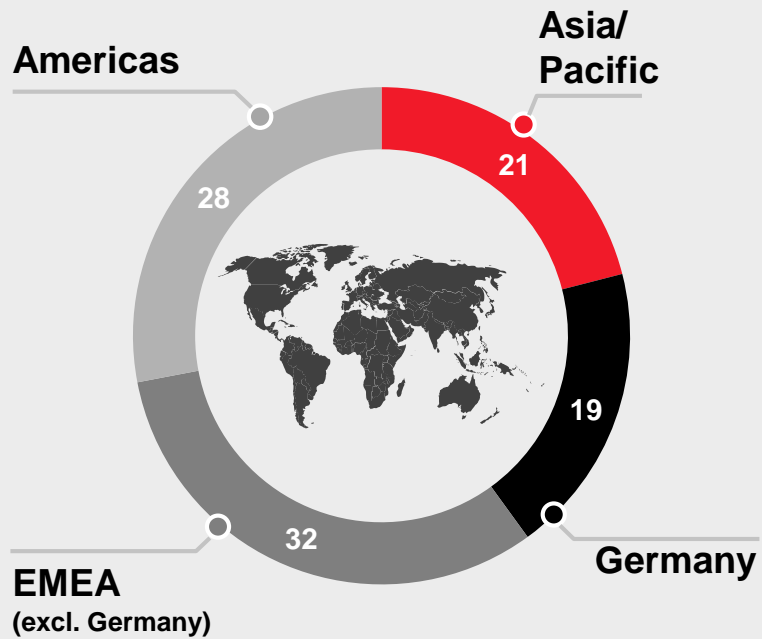
### Engineering Materials



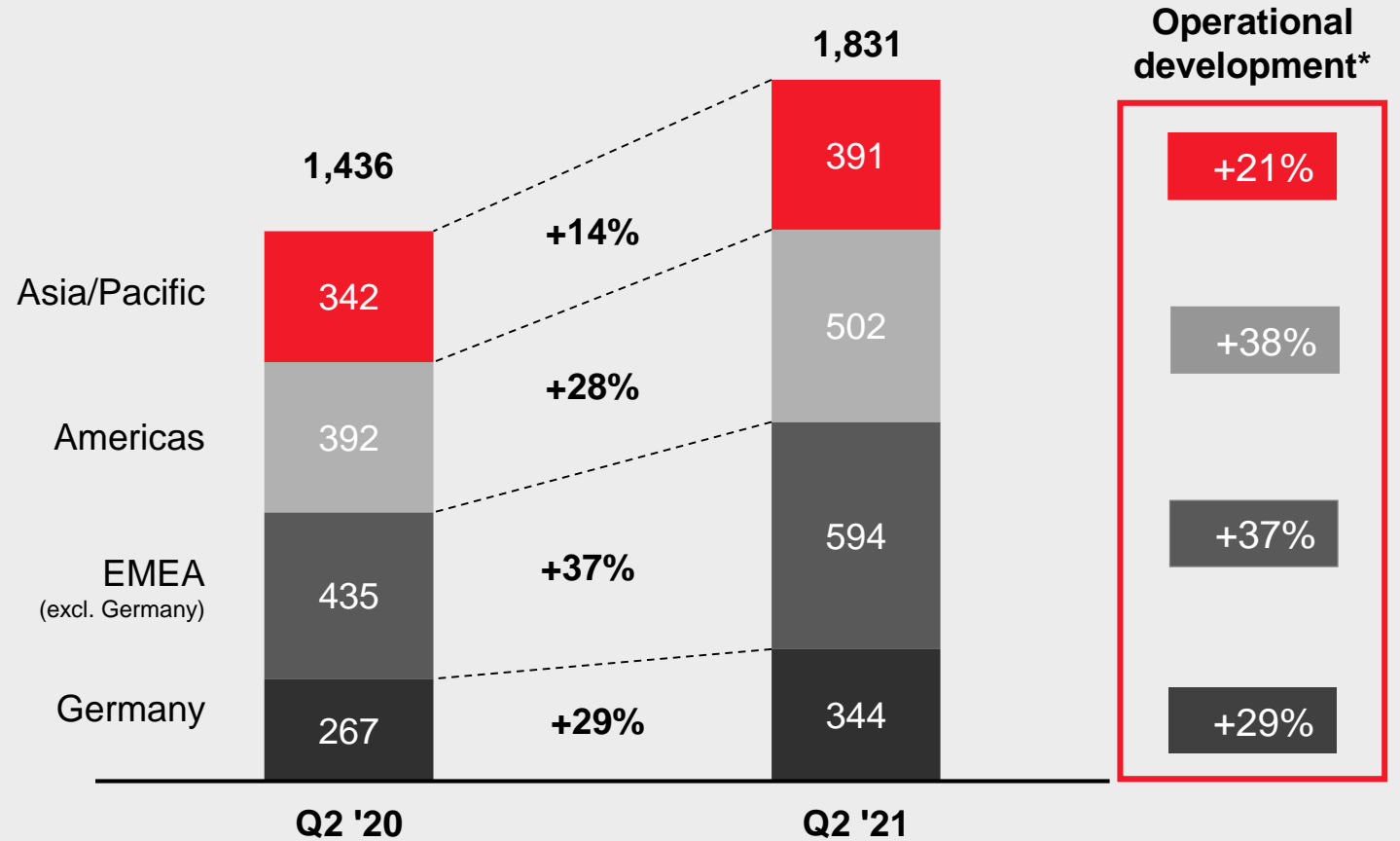
\* Total group sales including reconciliation

# Q2 2021: Strong operational development in all areas

Q2 2021 sales by region [%]



Regional development of sales [€ m]



\* Currency and portfolio adjusted

# Operating cash flow burdened by working capital increase

[€ m]	Q2/2020	Q2/2021	Δ
<b>Operating cash flow*</b>	<b>52</b>	<b>-10</b>	<b>-62</b>
thereof changes in working capital	56	-165	-221
<b>Investing cash flow*</b>	<b>88</b>	<b>182</b>	<b>94</b>
thereof capex	-88	-92	-4
thereof payments for acquisitions / proceeds from divestments	734	12	-722
thereof net invest in money markets	-710	260	970

- Operating cash flow impacted by
  - Significant increase in inventories due to volume uptick and inflated raw material prices
  - Higher receivables based on increased sales
- Portfolio management:
  - Previous year investing cash flow reflects divestment of CURRENTA
  - Net amount in 2021 includes purchase price for Theseo netted against divestment of organic leather business

\* Applies to continuing operations

# Strong balance sheet

<b>[€ m]</b>	<b>31.12.2020</b>	<b>30.06.2021</b>
<b>Total assets</b>	<b>8.880</b>	<b>9.149</b>
Equity	2.999	3.352
<b>Equity ratio</b>	<b>34%</b>	<b>37%</b>
<b>Net financial debt<sup>1</sup></b>	<b>1.012</b>	<b>1.309</b>
Cash, cash equiv., short term money market inv.	1.794	1.502
<b>Pension provisions</b>	<b>1.205</b>	<b>990</b>
<b>Net working capital</b>	<b>1.134</b>	<b>1.462</b>
DSI (in days) <sup>2</sup>	64	64
DSO (in days) <sup>3</sup>	45	47

- Equity reflects positive net income, effects in pension provision and FX
- Ongoing strong liquidity – increase in net financial debt partly driven by dividend payment (€86 m), which was paid in Q3 last year
- Lower pension provisions reflect interest rate increase
- Strong increase in working capital due to higher inventories driven by inflated raw material prices as well as higher receivables based on increased sales

<sup>1</sup> Including cash, cash equivalents, short-term money market investments

<sup>2</sup> Days sales of inventory calculated from quarterly sales

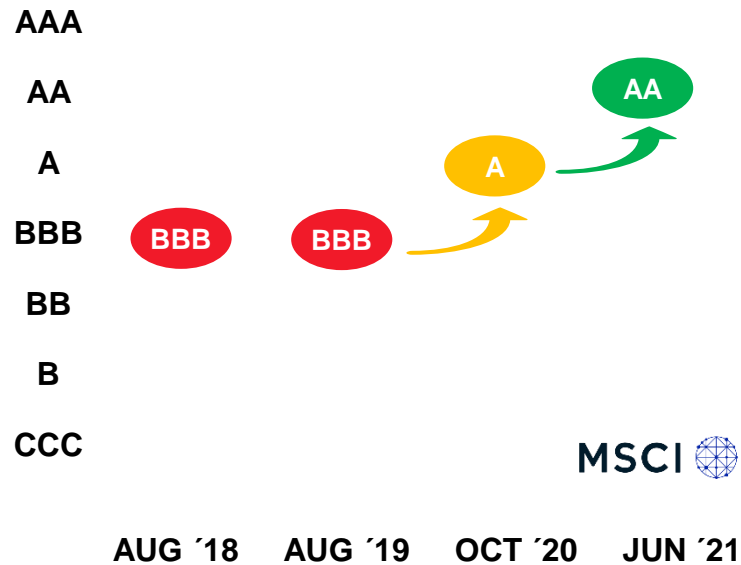
<sup>3</sup> Days of sales outstanding calculated from quarterly sales



# LANXESS has once again improved its sustainability ratings

## MSCI ESG rating upgrade to AA

### LANXESS ESG Rating History



- LANXESS way above average in Corporate Governance
- Convincing climate strategy and continuous improvement in Chemical Safety
- Upgrade driven by water stress risk assessment

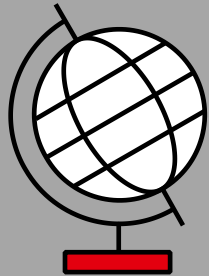
## EcoVadis rating upgrade to Platinum



- EcoVadis covering more than 75,000 companies globally with sustainability ratings
- LANXESS perceived as strong performer in labor & human rights
- Upgraded due to improved performance in environmental dimension

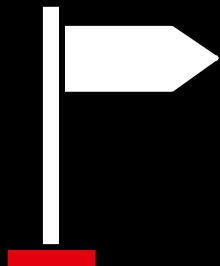
Leading ESG rating providers honor our performance

# LANXESS guidance raised – Emerald Kalama Chemical contribution included



## Current view on economy

- In general, ongoing recovery expected:
  - Growing demand especially in automotive, chemical industry and construction
  - Aviation and oil & gas modestly to gradually improving
- Ongoing strong development for Consumer Protection markets
- Course of pandemic and global logistic constraints remain risk factors



## LANXESS outlook

- **FY 2021 EBITDA pre expected €1,000 - 1,050 m**
  - Strong development of underlying business
  - Emerald Kalama Chemical contribution ~€35 m

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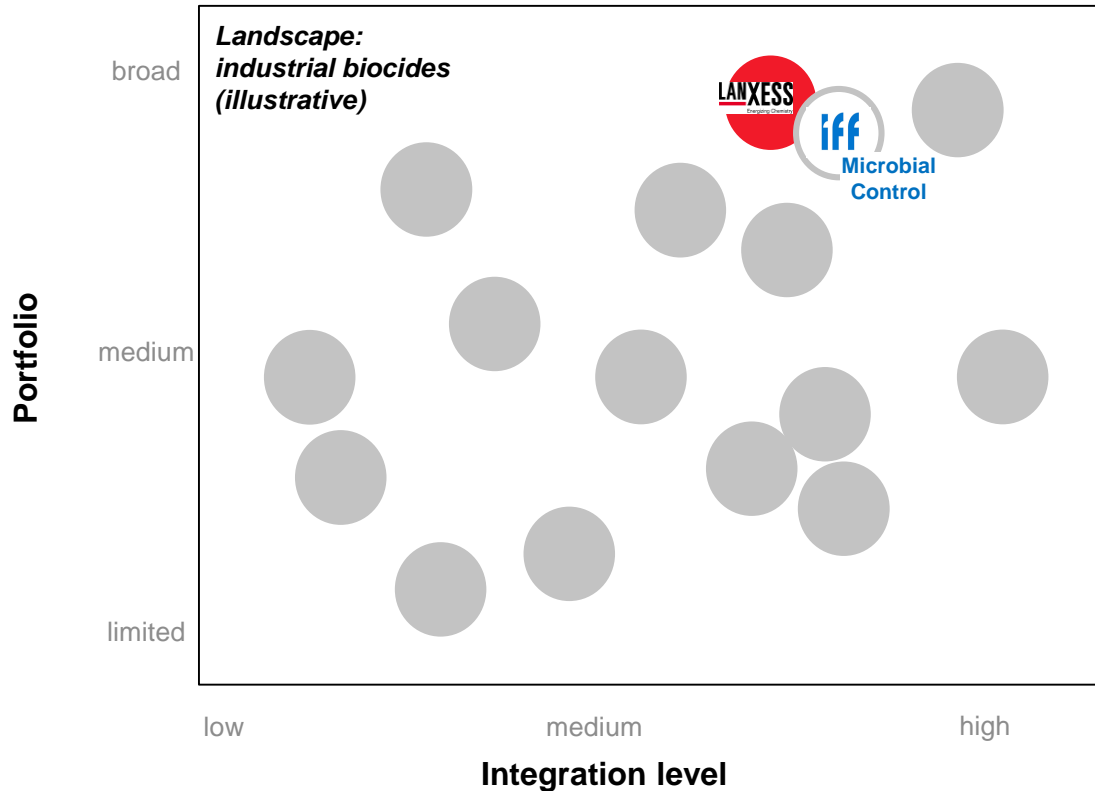


# Housekeeping items 2021

<b>Capex 2021</b>	<b>~€450-500 m</b> (incl. EKC)
<b>Operational D&amp;A 2021</b>	<b>~€450 m</b> (excl. EKC)
<b>Reconciliation 2021</b>	<b>~€150-160 m</b> including remnant costs and re-occurring expenses
<b>Underlying tax rate</b>	<b>~28%</b>
<b>Exceptionals 2021</b>	<b>€120-150 m</b> based on current initiatives (including ~€15m OTCs* Emerald Kalama Chemical)
<b>FX sensitivity</b>	One cent change of USD/EUR resulting in <b>~€7 m</b> EBITDA pre impact before hedging
<b>Effects from EKC acquisition</b>	Further details will be provided in Q3 presentation

\* OTCs = One Time Costs

# Together, LANXESS and IFF MC complement their business activities in microbial control solutions



## Strategic rationale

- 1 Building one of the key players in biocides
- 2 Complementary product portfolio in biocides
- 3 Complementary regional coverage
- 4 Attractive synergy and cash flow profile

**Combined, IFF MC & LANXESS as global player with broad portfolio & diverse application coverage**

# Acquisition of IFF Microbial Control (MC) Business: Attractive strategic characteristics

**Asset light**  
but full of data and IP

**Attractive  
profitability**

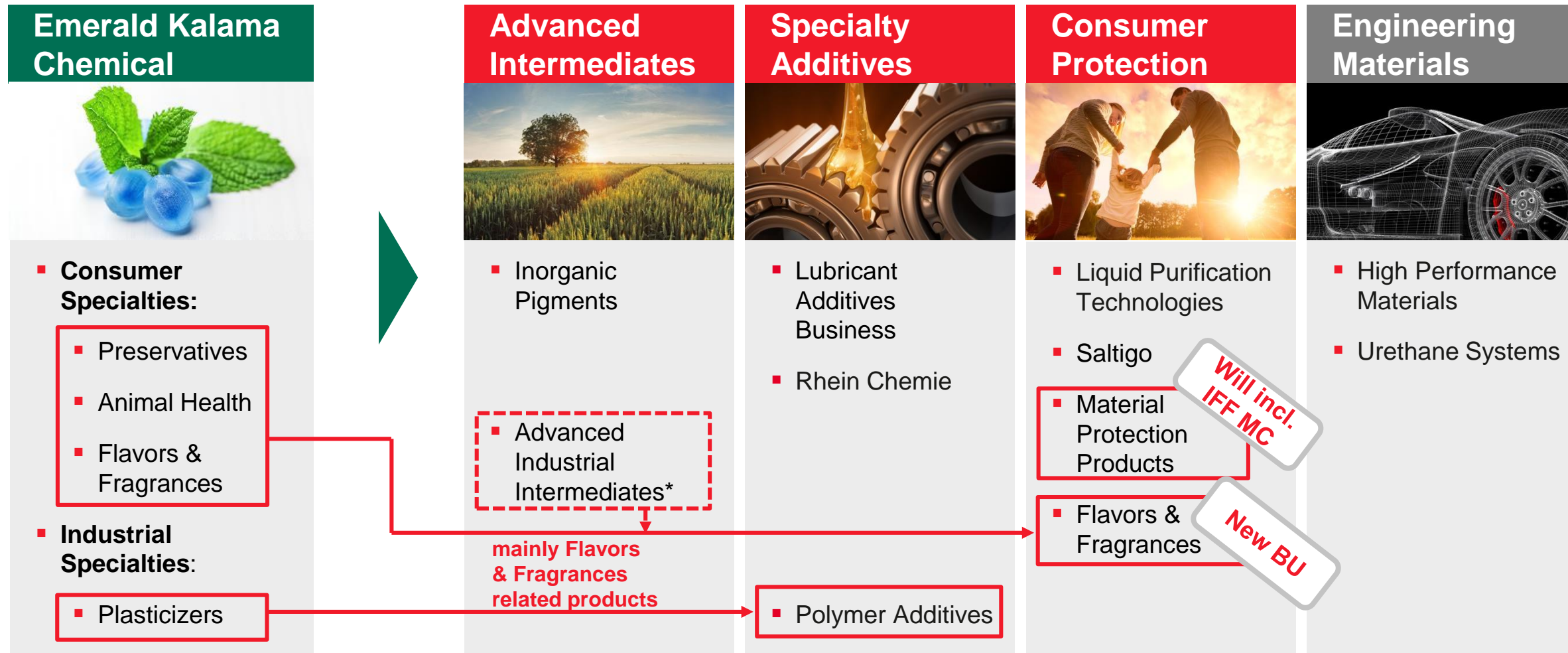
**CO<sub>2</sub> light**

**Regulatory affairs  
intensive business**

**Strong cash  
conversion**

**Secular  
growth**

# Flavor & Fragrance products combined in new business unit within the Consumer Protection segment



# Emerald Kalama Chemical offers a 100% complementary fit to LANXESS



## LANXESS Consumer Protection



### Consumer Specialties (~75%)

#### Animal Health

- Preservatives for feed silage
- Animal feed additives substituting anti-biotics



Growth > GDP

#### Flavours & Fragrances

- ~30 aroma ingredients for food, home & personal care products



Growth > GDP

#### Food & Beverage

- High quality preservatives for food and beverages



Growth ~ GDP

#### Home & Personal Care

- Nature identical high purity preservatives for cleaning applications & cosmetics



Growth ~ GDP

### Industrial Specialties (~25%)

#### CASE\* & Polymers

- Phthalate-free plasticizers for:
  - Construction materials: e.g. flooring, sealants
  - Adhesives: substitution for mechanical fastening
  - Coatings and paper-based packaging



Growth > GDP

\* CASE = Coatings, Adhesives & Sealants



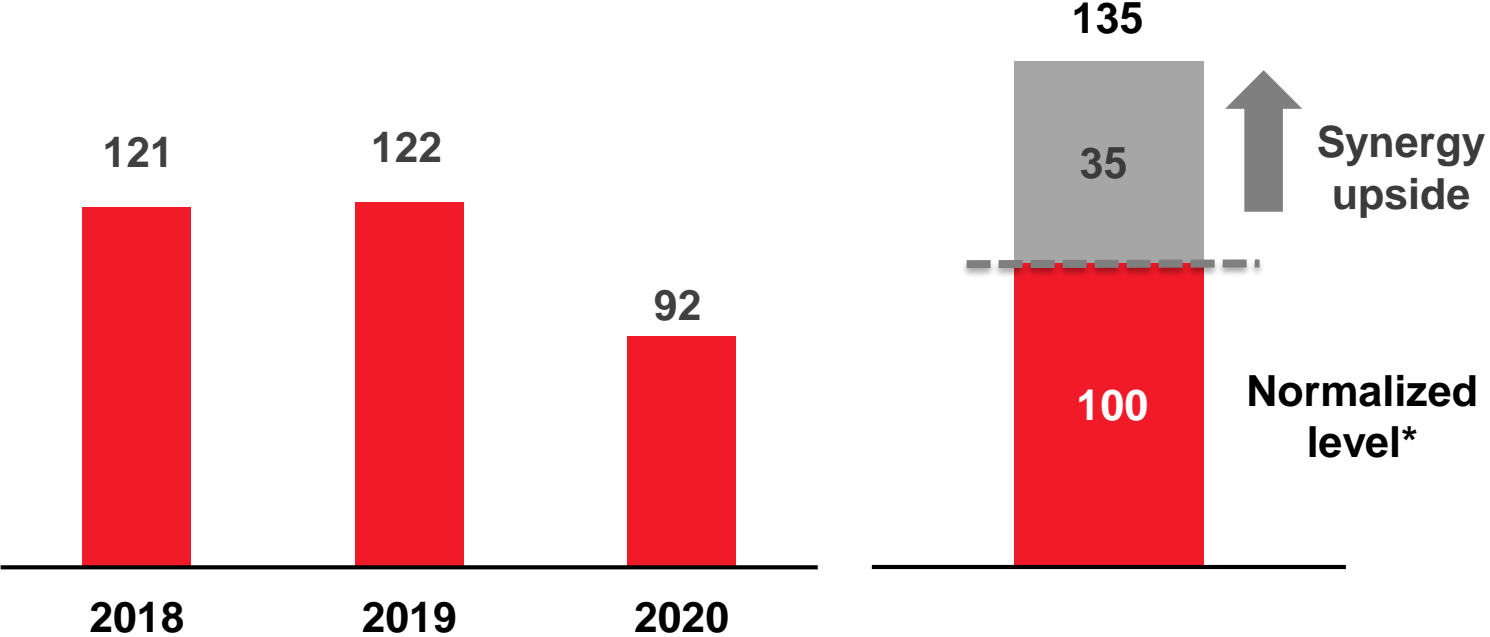
# IFF MC: strong financials and asset light model

## Attractive financials

- Approx. \$450 m normalized sales\*
- >20% EBITDA margin
- \$1.3bn EV
- 9.6 x EBITDA incl. \$35m synergies
- Cash conversion ~ 90%

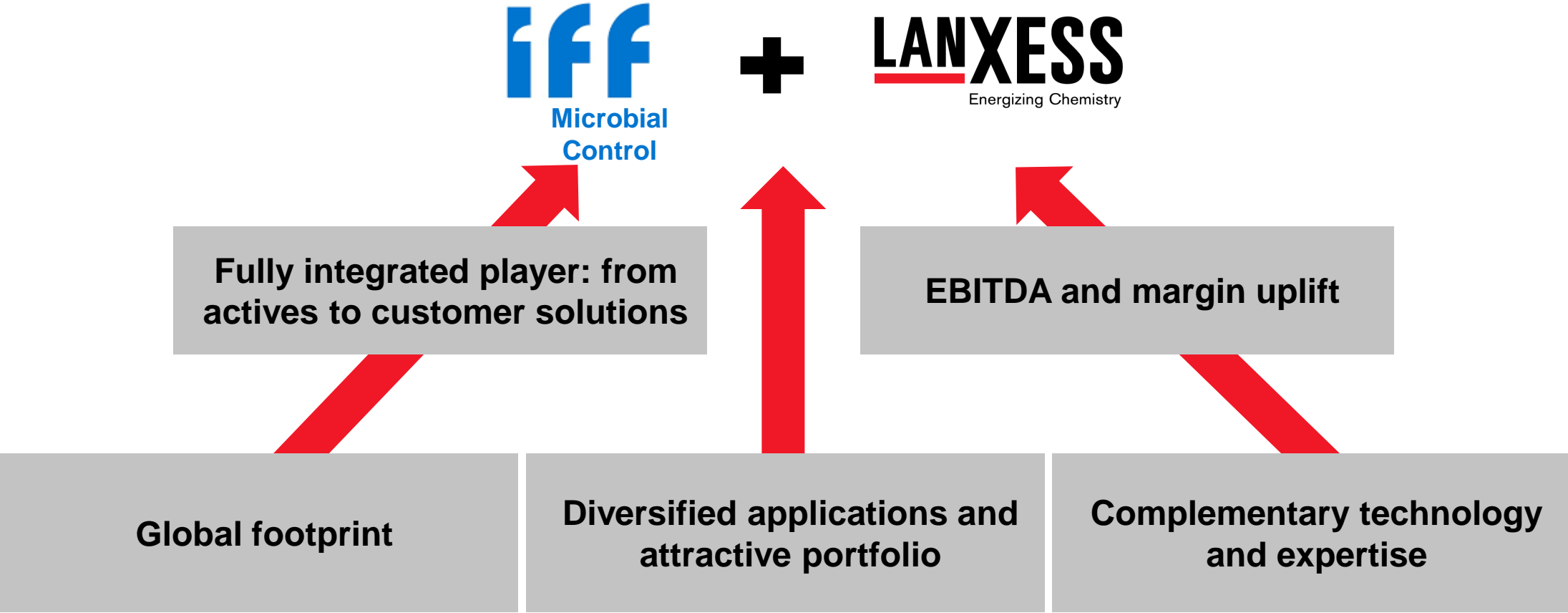
## Right point in time to seize optimal value

Transferred EBITDA pre in \$m



\* normalized means in an average year

# A complementary fit – strong levers for LANXESS to build on IFF MC product platform & market access



# IFF MC: Targeting €30m synergies, thereof €25m by 2024



**Top line synergies: ~ €10m**

- Complementary geographies and customers
- Cross selling potential
- New applications: energy market and hygiene

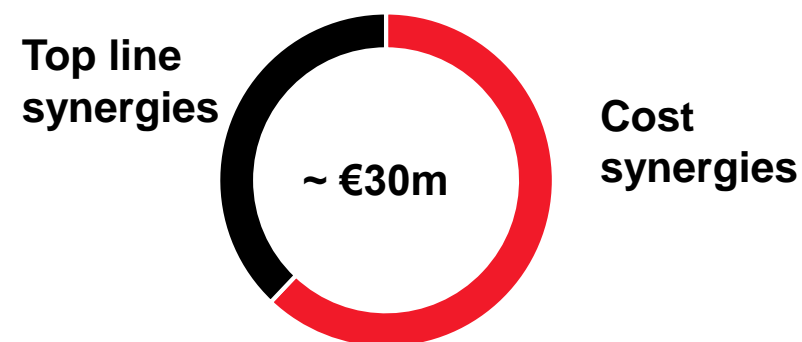


**Cost synergies: ~ €20m**

- Streamlining of sales office infrastructure
- Optimization of supply chain and distribution model
- Sourcing synergies
- Manufacturing excellence

## Substantial synergies

*Illustrative*



	2022	2023	2024	2025
<b>Synergies</b>	~ €5m	~ €10m	~ €10m	~ €5m
<b>OTCs</b>	~ €15m	~ €10m	~ €5m	-
<b>CAPEX*</b>	~ €10m	~ €5m	~ €5m	-

### Accretive transaction

- Enterprise value of ~€1.1bn
- Net financial debt and pension ~€10m
- ➔ **Purchase Price ~€1.1bn**
- EPS pre accretive in first year

### Strong synergies

- Expected annual synergies of ~€30m (thereof already ~€25m by 2024)
- Confidence in synergies delivery given proven integration track record

### Attractive multiple

- ~EV/EBITDA ~9.6 x including €30 m synergies

### High cash generation

- Asset light production network supporting cash flow generation
- High margin business

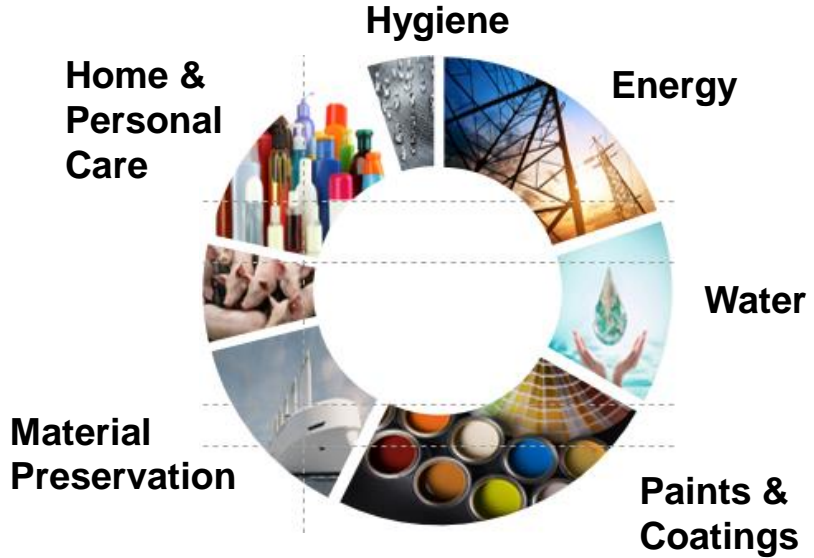
Acquisition will be debt financed within investment grade rating

# IFF MC: Global market presence in key microbial control application segments

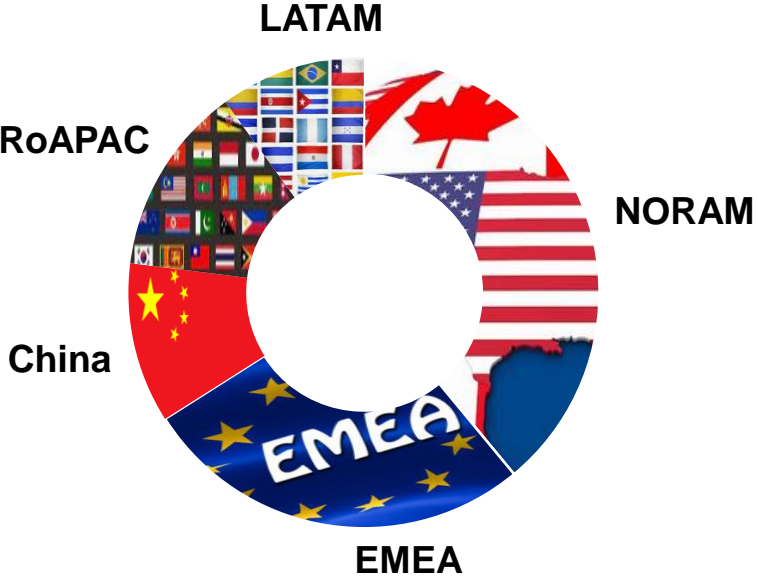


**Strong complementary business**

**Sales by end-uses**



**Sales by region**



**~270 FTEs**

**2 manufacturing sites in the US**

**Outsourced global production network**

**> 1,500 registrations**

# Combination of IFF MC and LANXESS takes us to the next level

Creating one of the leading players in microbial control

Attractive synergy level with high margin and strong cash flow

Smooth integration and matching cultures

Strategic fit strengthening Consumer Protection focus

# LANXESS closes acquisition of Emerald Kalama Chemical



**€375 m**

Sales in 2020

**Secular growth**  
in attractive end markets

**9.0x EBITDA**  
incl. ~€25 m synergies\*\*

**€0.9 bn**

Enterprise value

**€80 m**

EBITDA pre in 2020

**~80%**  
Cash conversion\*

**100%**

True Specialties

**22 - 25%**  
EBITDA pre margin

# Acquisition of Emerald Kalama Chemical: A tailor-made strategic fit!

## Key Facts

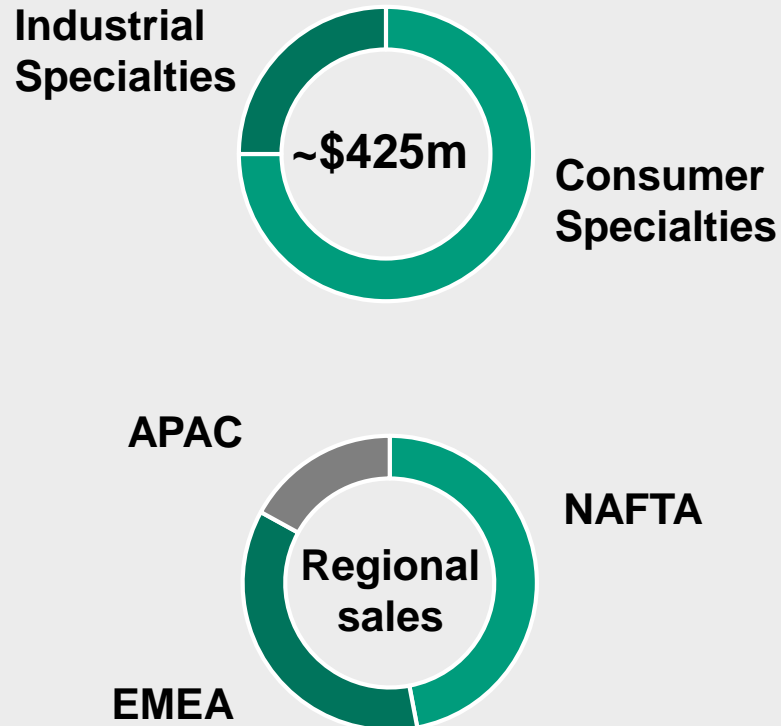


### Key Financials 2020 (USD):

- Sales: ~\$425 m
- EBITDA pre: ~\$90 m
- Cash Conversion\*: ~80%
- **Enterprise Value:** \$1,075 m  
~9.0x EBITDA incl. ~\$30 m synergies
- **EPS accretion:** year one expected
- Financed from existing liquidity
- **Expected closing:** H2 2021

**Peers:** Valtris, Eastman, Celanese

## Business Structure



## Key Rationale

- Specialty business with strong fit to current portfolio
- Vertically integrated into high value derivatives\*\*
- Strategic expansion into growth markets Food and Animal Nutrition
- Attractive secular growth markets above GDP
- Highly synergistic, both cost and top line synergies
- Straight forward integration into LANXESS

\* cash conversion = EBITDApre – CAPEX / EBITDApre (mid-term)

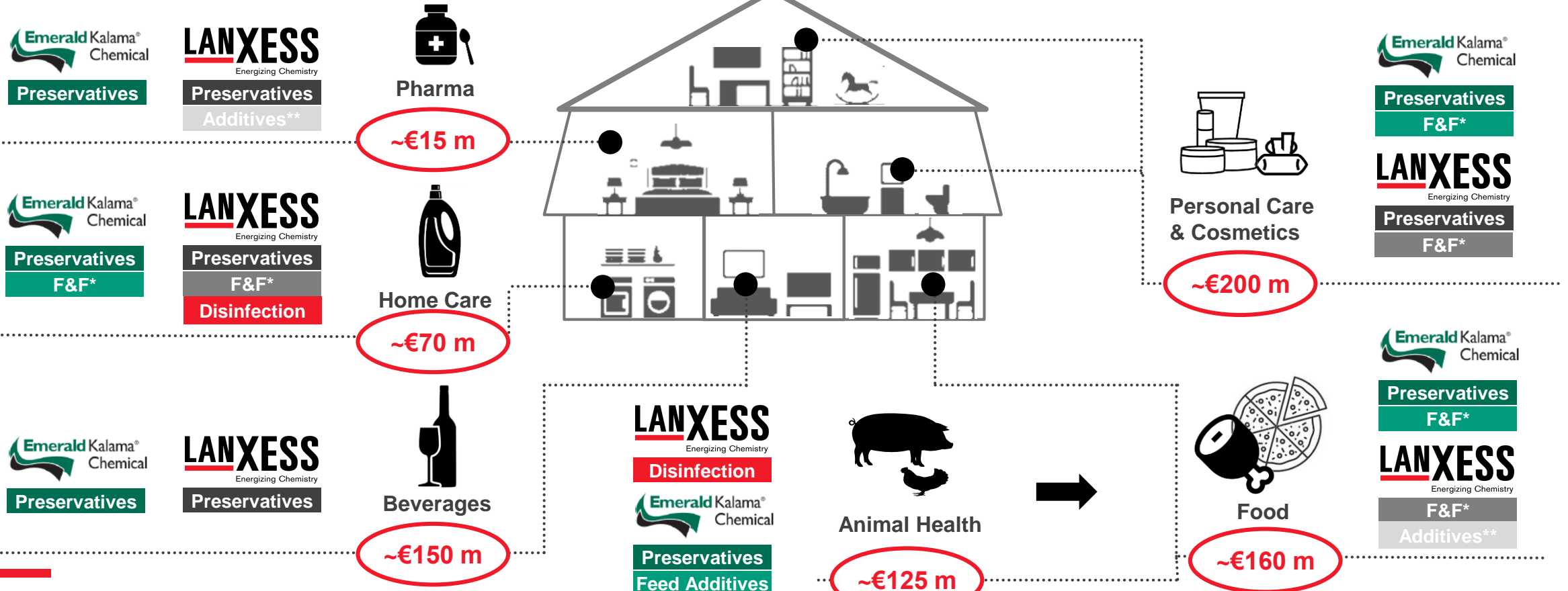
\*\* based on Benzoic acid & Benzaldehyde



# The combined product portfolio brings consumer protection to everyone's daily life

**Emerald Kalama's products complement LANXESS' Consumer Protection portfolio perfectly**

*Illustrative (combined sales)*



\* F&F = Flavors & Fragrances

\*\* Additives: e.g. Active Ingredients & Intermediates (Pharma); Processing Agents (Food)

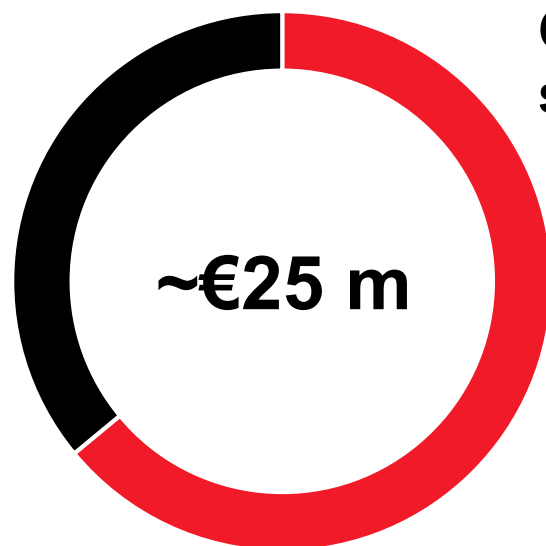
# Emerald Kalama Chemical acquisition: Synergies, OTCs and Capex step in earlier than expected

## Overview: Synergies structure

## Phasing: Synergies, OTCs and CAPEX

*Illustrative*

Top line synergies



Cost based synergies

update

	2021	2022	2023	2024
Synergies	<€5 m	~€10 m	~€5 m	~€5 m
OTCs	~€15 m	~€10 m	~€5 m	~€5 m
CAPEX*	~€15 m	~€15 m	~€15 m	~€10 m

# LANXESS closes divestment of organic leather business

## Key data

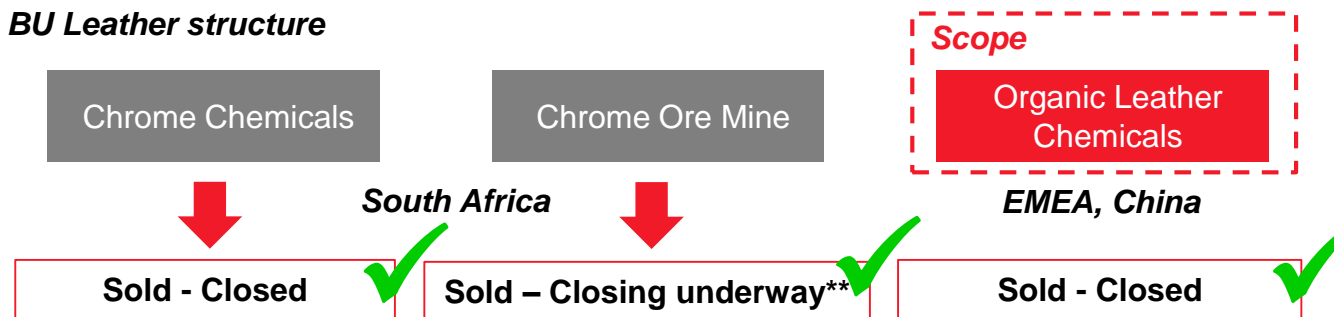
- Sale of global organic leather business to TFL\*
- The purchase price comprises a fixed component of EUR 80m plus a performance-related component of up to €115m
- Agreed trade working capital mechanism will lead to a payment of around EUR 20 million to be paid out in Q3 2021

## Strategic rationale

- Organic leather business no longer fits to LANXESS' strategic focus on specialty chemicals businesses
- Further reduction of automotive exposure
- Better future development under leadership of TFL

## Transaction scope

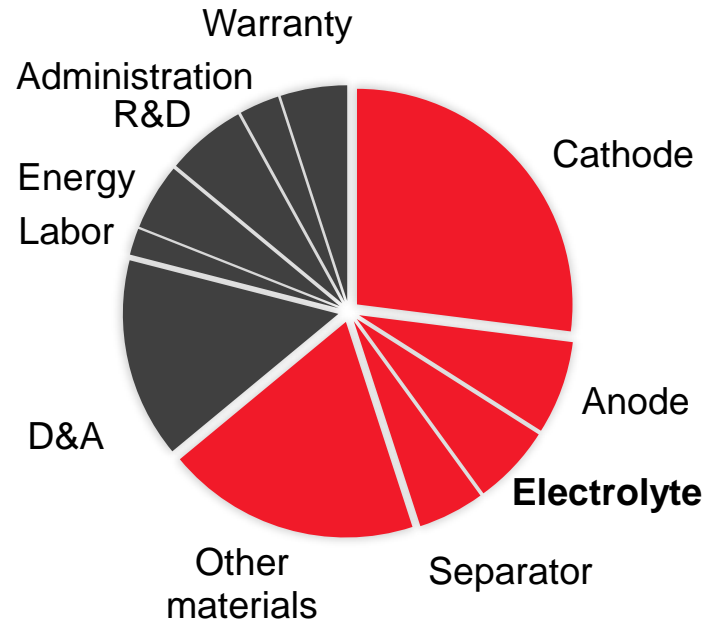
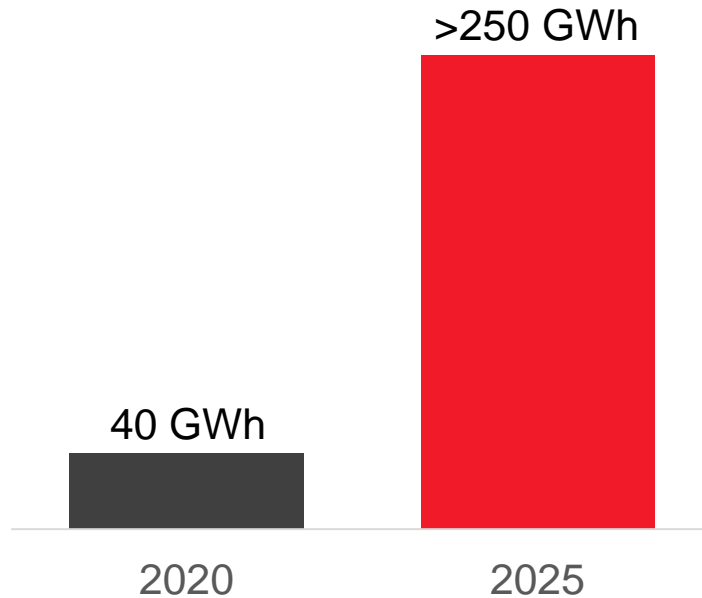
### BU Leather structure



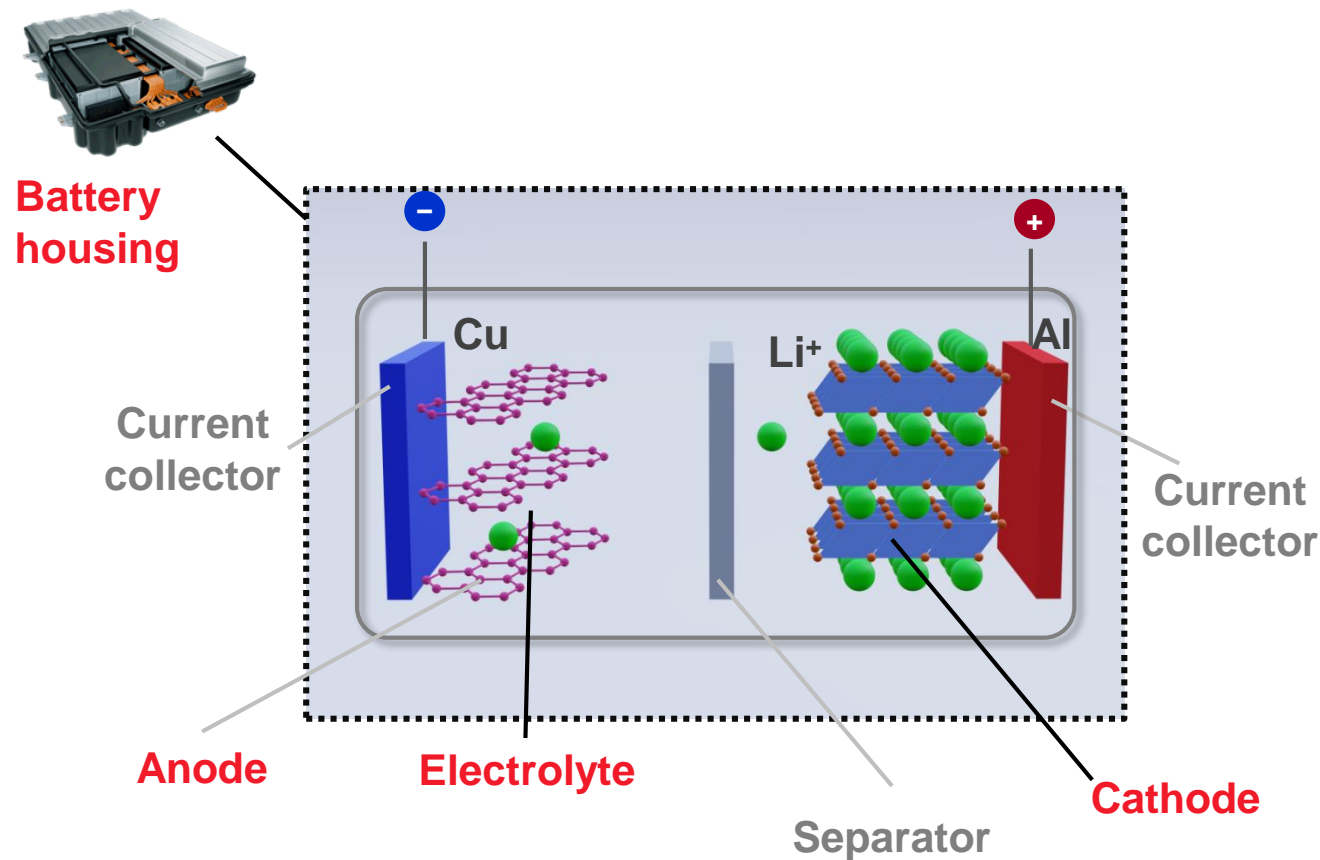
# EU market for battery chemicals to grow to over EUR 10 billion by 2025

Massive growth in demand for battery cells in the EU

Chemistry accounts for 2/3 of battery cell costs



# LANXESS offers key products for Li-Ion batteries



## Battery housing

- PA/PBT compounds for components of the e-powertrain (BU HPM)

## Electrolyte

- Key materials (Hydrofluoric acid, phosphorus chemicals) for electrolyte salt ( $\text{LiPF}_6$ ) (BU AII/BU PLA)
- Flame retardants (BU PLA)

## Cathode & Anode

- Iron oxide as precursor for cathode active materials (BU IPG)
- Ion-exchange resins for refining battery grade cobalt, nickel and lithium (BU LPT)
- Lithium chemicals from tail-brine (BU PLA)\*

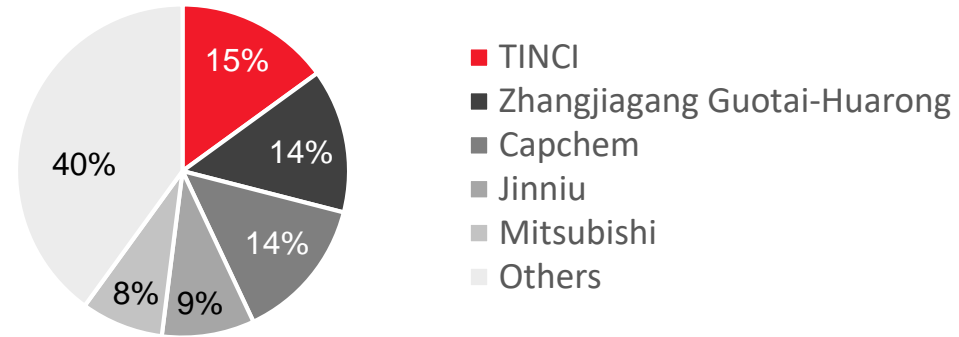
# LANXESS starts electrolyte production for Li-Ion batteries in cooperation with market leader TINCI



## Partnership with TINCI

- TINCI (Chinese Guangzhou Tinci Materials): a leading manufacturer for battery materials and the largest electrolyte producer worldwide
- Saltigo starts electrolyte production for TINCI in its high-tech plant in Leverkusen (Germany) early 2022

## TINCI with leading position in fragmented electrolyte market\*



## Local raw material supply is key for cell manufacturers and OEMs

# On track to climate neutrality in 2040: Nitrous oxide reduction in Antwerp



## Milestone in our climate strategy

- Nitrous oxide is generated during caprolactam production
- Investment of approx. EUR 10 million

**1** Plant significantly reduces emissions:  
150 kt CO<sub>2</sub>e / year less



**2** Second plant planned for 2023  
Impact: 300 kt CO<sub>2</sub>e / year less

# Key Figures: Back on pre COVID level

Q1

Q2

Q3

Q4



**€1,831 m**

Sales

**+28%**



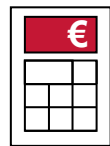
**-€10 m**

Operating Cash  
Flow



**€1,502 m**

Cash & cash equivalents, short  
term money market investments



**€277 m**

EBITDA pre

**+24%**



**15.1%**

EBITDA pre  
Margin



**€1,309 m**

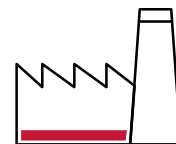
Net financial debt



**€1.38**

EPS pre

**+60%**



**€92 m**

CAPEX



# H1 2021: Strong earnings

[€ m]	H1 2020		H1 2021		yoy in %
Sales	3.140	(100%)	3.524	(100%)	12%
Cost of sales	-2.311	(-74%)	-2.622	(-74%)	13%
Selling	-396	(-13%)	-433	(-12%)	9%
G&A	-138	(-4%)	-143	(-4%)	4%
R&D	-54	(-2%)	-56	(-2%)	4%
<b>EBIT</b>	<b>165</b>	<b>(5%)</b>	<b>223</b>	<b>(6%)</b>	<b>35%</b>
<b>Net Income</b>	<b>862</b>	<b>(27%)</b>	<b>164</b>	<b>(5%)</b>	<b>-81%</b>
<b>EPS pre*</b>	<b>2,03</b>		<b>2,55</b>		<b>26%</b>
EBITDA	417	(13%)	462	(13%)	11%
thereof except.	-52	(-2%)	-57	(-2%)	10%
<b>EBITDA pre except.</b>	<b>469</b>	<b>(14,9%)</b>	<b>519</b>	<b>(14,7%)</b>	<b>11%</b>

- Increase in selling expenses reflects higher logistic costs and negative FX effect
- Strong earnings reflect recovering demand despite higher energy and logistic prices as well as negative FX development
- Net income in previous year includes proceeds from CURRENTA divestment

\* From continuing operations

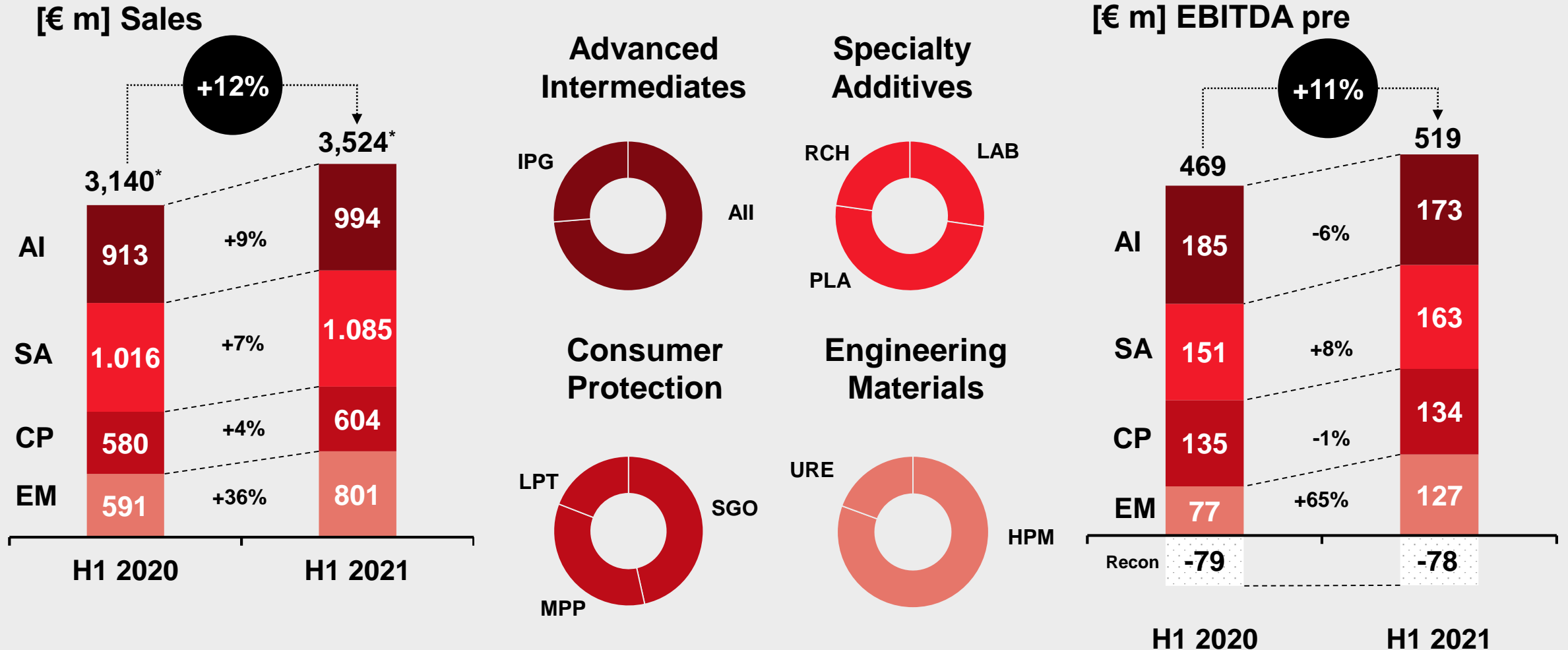
# Operating cash flow H1 2021 burdened by working capital increase

[€ m]	H1 2020	H1 2021	Δ
<b>Operating cash flow*</b>	<b>165</b>	<b>23</b>	<b>-142</b>
thereof changes in working capital	-125	-311	-186
<b>Investing cash flow*</b>	<b>13</b>	<b>712</b>	<b>699</b>
thereof capex	-162	-162	0
thereof payments for acquisitions / proceeds from divestments	787	4	-783
thereof net invest in money markets	-769	864	1.633

- Operating cash flow impacted by
  - Significant increase in inventories due to volume uptick and inflated raw material prices
  - Higher receivables based on increased sales
- Portfolio management:
  - Previous year investing cash flow reflects divestment of CURRENTA stake and chrome business
  - Net amount in 2021 includes purchase price for Theseo and Intace netted against divestment of organic leather business

\* Applies to continuing operations

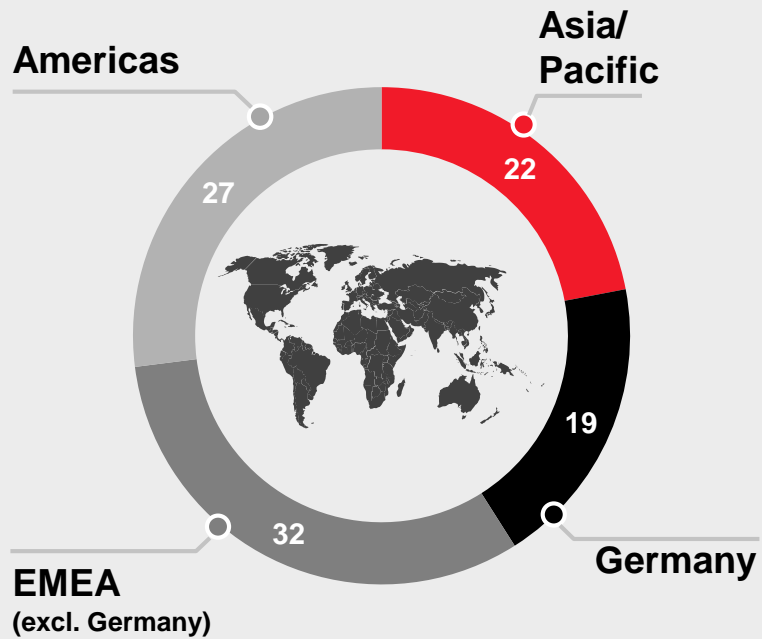
# H1 2021: Strong recovery supported by Specialty Additives and Engineering Materials



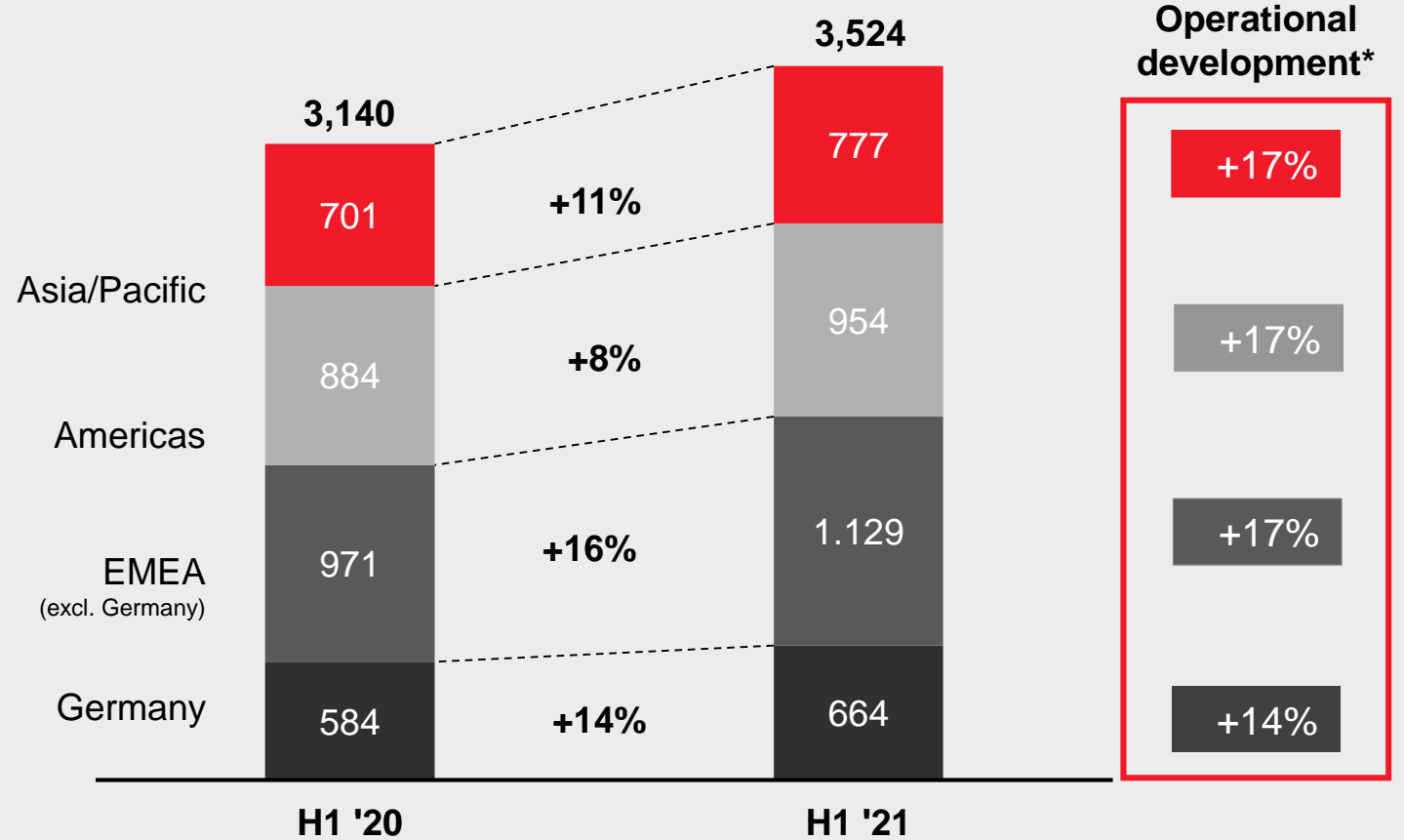
\* Total group sales including reconciliation

# H1 2021: Strong operational development in all regions

H1 2021 sales by region [%]



Regional development of sales [€ m]



\* Currency and portfolio adjusted

# Exceptional items (on EBIT) below previous year level

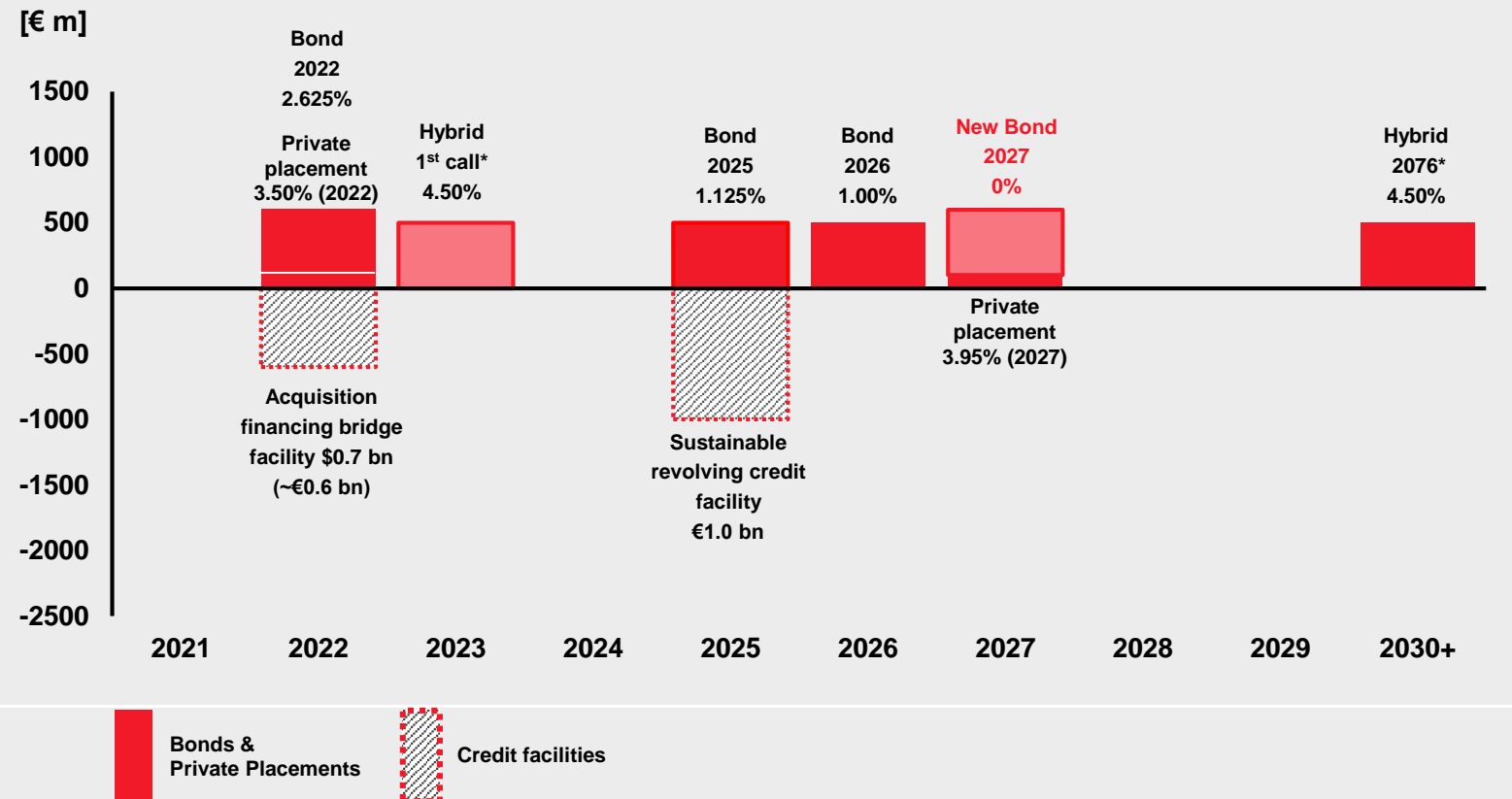
[€ m]	Q2/2020		Q2/2021		H1 2020		H1 2021		Comments
	Excep.	Thereof D&A	Excep.	Thereof D&A	Excep.	Thereof D&A	Excep.	Thereof D&A	
Strategic Realignment & Restructuring	25	18	5	1	41	18	7	1	incl. adjustment of production network
M&A, Digitalization (incl. Chemondis) and Others	13	1	21	0	17	0	39	0	incl. CUR, organic leather, membrane divestments, Emerald Kalama, Theseo, Intace acquisitions
Strategic IT projects	7	0	6	1	13	1	13	1	incl. SAP Hana Project
<b>Total</b>	<b>45</b>	<b>19</b>	<b>32</b>	<b>2</b>	<b>71</b>	<b>19</b>	<b>59</b>	<b>2</b>	

# First senior EUR benchmark bond issued to finance the acquisition

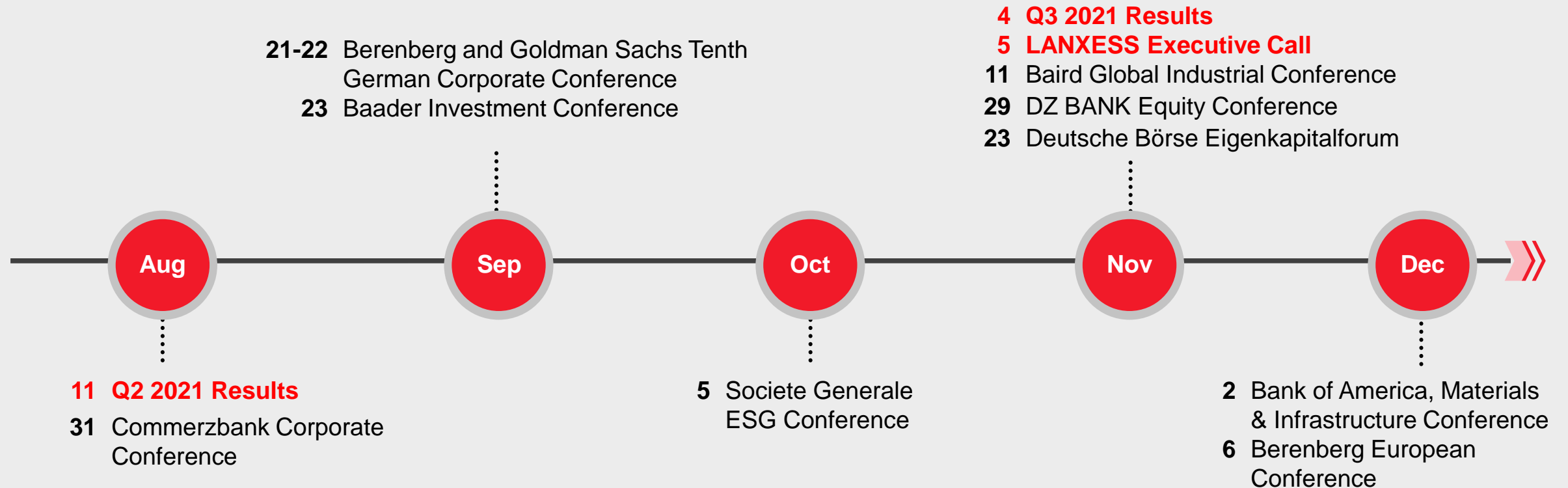
## Long-term financing strategy

- Diversified financing sources
  - Bonds & private placements
  - Undrawn sustainable revolving credit facility
- Bridge financing for acquisition of IFF Microbial Control in place
- Balanced maturity profile will be maintained

## Balanced maturity profile



# Upcoming virtual events 2021 - Proactive capital market communication



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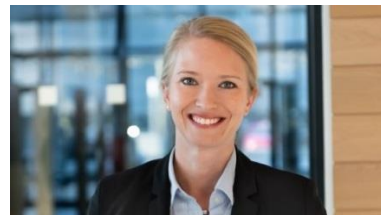
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# Abbreviations



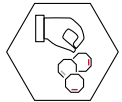
## Advanced Intermediates

**AI** Advanced Industrial Intermediates  
**IPG** Inorganic Pigments



## Consumer Protection

**F&F** Flavors & Fragrances  
**LPT** Liquid Purification Technologies  
**MPP** Material Protection Products  
**SGO** Saltigo



## Specialty Additives

**LAB** Lubricant Additives Business  
**PLA** Polymer Additives  
**RCH** Rhein Chemie



## Engineering Materials

**HPM** High Performance Materials  
**URE** Urethane Systems

**LANXESS**

Energizing Chemistry